

House Study Bill 642

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
ECONOMIC GROWTH BILL BY
CHAIRPERSON HOFFMAN)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act authorizing the rebate of state sales tax revenues to the
2 owner or operator of a significant destination project.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
4 TLSB 5805HC 81
5 mg/sh/8

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1 1 Section 1. LEGISLATIVE FINDINGS. The general assembly
1 2 finds that significant destination projects in Iowa would
1 3 result in a substantial economic benefit to the state and
1 4 would offer thousands of patrons the opportunity to experience
1 5 and discover Iowa.
1 6 The general assembly finds that the development of
1 7 significant destination projects and related amenities in Iowa
1 8 would enhance the economic development of the area through an
1 9 increase in tourism.
1 10 The general assembly further finds that the rebate of state
1 11 sales tax collected at significant destination projects in
1 12 Iowa and related amenities would further tourism and is a
1 13 public purpose for which state funds may be used.
1 14 Sec. 2. Section 423.4, Code Supplement 2005, is amended by
1 15 adding the following new subsection:
1 16 NEW SUBSECTION. 6. a. For purposes of this subsection:
1 17 (1) "Change of control" means any of the following:
1 18 (a) Any change in the ownership of the original or any
1 19 subsequent legal entity that is the owner or operator of the
1 20 significant destination project, such that at least sixty
1 21 percent of the equity interests in the legal entity cease to
1 22 be owned by individuals who are residents of Iowa, an Iowa
1 23 corporation, or a combination of both.
1 24 (b) The original owners of the legal entity that is the
1 25 owner or operator of the significant destination project shall
1 26 collectively cease to own more than fifty percent of the
1 27 voting equity interests of such legal entity or shall
1 28 otherwise cease to have effective control of such legal
1 29 entity.
1 30 (2) "Iowa corporation" means a corporation incorporated
1 31 under the laws of Iowa where at least sixty percent of the
1 32 corporation's equity interests are owned by individuals who
1 33 are residents of Iowa.
1 34 (3) "Owner or operator" means a for-profit legal entity of
1 35 which at least sixty percent of the entity's equity interests
2 1 are owned by individuals who are residents of Iowa, an Iowa
2 2 corporation, or a combination of both, and that is the owner
2 3 or operator of a significant destination project.
2 4 (4) "Significant destination project" means a project
2 5 planned to provide an attraction or attractions designed as an
2 6 entertainment, recreational, or tourist attraction costing at
2 7 least twenty million dollars which will provide benefits to
2 8 persons living outside the county in which the project is
2 9 primarily located. The project shall increase the diversity
2 10 of activities available to citizens, workers, families, and
2 11 tourists, and have as a purpose the recruitment and retention
2 12 of young people as residents. The project may be divided into
2 13 component parts. The project shall be primarily a vertical
2 14 infrastructure project with reasonably anticipated significant
2 15 economic and quality of life impact. As used in this
2 16 subparagraph, "vertical infrastructure" means land acquisition
2 17 and construction, major renovation, and major repair of
2 18 buildings, all appurtenant structures, utilities, site

2 19 development, and recreational trails. "Vertical
2 20 infrastructure" does not include routine, recurring
2 21 maintenance or operational expenses or leasing of a building
2 22 or appurtenant structure without a lease-purchase agreement.
2 23 b. The owner or operator of a significant destination
2 24 project may apply to the department for a rebate of sales tax
2 25 imposed and collected by retailers upon sales of any goods,
2 26 wares, merchandise, or services furnished to purchasers at the
2 27 significant destination project.
2 28 c. The rebate may be obtained only in the following
2 29 amounts and manner and only under the following conditions:
2 30 (1) On forms furnished by the department within the time
2 31 period provided by the department by rule, which time period
2 32 shall not be longer than quarterly.
2 33 (2) The owner or operator shall provide information as
2 34 deemed necessary by the department.
2 35 (3) The transactions for which sales tax was collected and
3 1 the rebate is sought occurred during the first ten years of
3 2 operation. However, not more than twelve million five hundred
3 3 thousand dollars in total rebates shall be provided pursuant
3 4 to this subsection.
3 5 (4) Notwithstanding subparagraph (3), the rebate of sales
3 6 tax shall cease for transactions occurring on or after the
3 7 date of the sale or other transfer, whether voluntarily or
3 8 involuntarily, of the significant destination project to a
3 9 party other than the original owner of the project or upon a
3 10 change of control of the project.
3 11 d. To assist the department in determining the amount of
3 12 the rebate, the owner or operator shall identify to the
3 13 department retailers located at the significant destination
3 14 project who will be collecting sales tax. The department
3 15 shall verify such identity and ensure that all proper permits
3 16 have been issued. For purposes of this subsection, advance
3 17 ticket and admissions sales shall be considered occurring at
3 18 the significant destination project regardless of where the
3 19 transactions actually occur.
3 20 e. Upon determining that the conditions and requirements
3 21 of this subsection and the department are met, the department
3 22 shall issue a warrant to the owner or operator in the amount
3 23 equal to the amount claimed and verified by the department.
3 24 f. Only the state sales tax is subject to rebate. Any
3 25 local option sales and services taxes paid and collected shall
3 26 not be subject to rebate under this subsection.
3 27 g. The rebate authorized under this subsection for any
3 28 particular significant destination project ceases at the end
3 29 of the ten-year period beginning with the start of operations
3 30 at the project, or thirty days following the date on which
3 31 twelve million five hundred thousand dollars in total rebates
3 32 have been provided, or thirty days following the date on which
3 33 rebates cease as provided in paragraph "c", subparagraph (4),
3 34 whichever is the earliest.

3 35 EXPLANATION

4 1 This bill authorizes the department of revenue to rebate
4 2 state sales tax collected by retailers on purchases made at a
4 3 significant destination project. The person eligible to
4 4 receive the rebate is the owner or operator of the project.
4 5 A significant destination project is a project planned to
4 6 provide an attraction designed as an entertainment,
4 7 recreational, or tourist attraction costing at least \$20
4 8 million which will provide benefits to persons living outside
4 9 the county where the project is located. The purpose of the
4 10 project is to increase the diversity of activities available
4 11 and be a magnet for the recruitment and retention of young
4 12 people as residents.
4 13 The rebate of sales tax is only of the sales tax collected
4 14 on transactions occurring during the first 10 years of
4 15 operation of a project.
4 16 The rebate only applies to the state sales tax collected
4 17 and not to any local option sales and services tax and is
4 18 limited to a total of \$12.5 million in rebates.
4 19 The rebate ceases upon the transfer of the project to a
4 20 party other than the original owners of the project or upon a
4 21 change of control of the project. A change in control occurs
4 22 if at least 60 percent of the equity interest ceases to be
4 23 owned by Iowa residents or an Iowa corporation or the original
4 24 owners cease to own more than 50 percent of the voting
4 25 interests of the project owner.
4 26 LSB 5805HC 81
4 27 mg:nh/sh/8